

# VEDDER PRICE

JOHN T. MCENROE  
312.609-7885  
JMCENROE@VEDDERPRICE.COM

VEDDER, PRICE, KAUFMAN & KAMMHOLZ  
222 NORTH LASALLE STREET  
CHICAGO, ILLINOIS 60601  
312-609-7500  
FACSIMILE: 312-609-5005

A PARTNERSHIP INCLUDING VEDDER, PRICE, KAUFMAN & KAMMHOLZ, P.C.  
WITH OFFICES IN CHICAGO, NEW YORK CITY, AND LIVINGSTON, NEW JERSEY

June 27, 2001

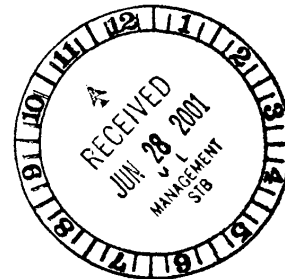
## VIA FEDERAL EXPRESS

Surface Transportation Board  
1925 K Street, NW  
Suite 714  
Washington, DC 20006

Attention: Ms. Taleda Stokes

**Re: Rail Logistics Services, Inc.**  
**Client/Matter No.31236.00.0004**

RECORDATION NO. 20174-M FILED  
JUL 2 '01 4-04 PM  
TS  
SURFACE TRANSPORTATION BOARD



Dear Ms. Stokes:

Enclosed are two copies of each of the following documents:

1. An Amended and Restated Security Agreement dated as of May 29, 2001 by and between Rail Logistics Services, Inc. and LaSalle Bank National Association; and
2. An Amended and Restated Master Collateral Assignment of Lease dated May 29, 2001 by and between Rail Logistics Services, Inc. and LaSalle Bank National Association.

These documents amend and restate or relate to a primary document titled "Security Agreement" dated as of June 26, 1996, Recordation Number 20174, by and between Rail Logistics Services, Inc. and LaSalle Bank National Association, formerly known as LaSalle National Bank.

The names and addresses of the parties to said Amended and Restated Security Agreement and Amended and Restated Collateral Assignment of Lease are as follows: the Debtor is Rail Logistics Services, Inc., a Delaware corporation whose principal place of business is located at 53 West Jackson Boulevard, Suite 335, Chicago, Illinois 60604; the Secured Party is LaSalle Bank National Association, formerly LaSalle National Bank, a national banking association whose principal place of business is located at 135 South LaSalle Street, Chicago, Illinois 60603.

CHICAGO/#782367.1

## VEDDERPRICE

Surface Transportation Board  
Attention: Ms. Taleda Stokes  
June 27, 2001  
Page 2

A short summary for each document to appear in the index is as follows:

An Amended and Restated Security Agreement, dated as of May 29, 2001, between Rail Logistics Services, Inc., as the debtor, and LaSalle Bank National Association, as the secured party, evidencing secured party's security interest and lien in certain locomotives known as: (i) PHL Unit 9378; (ii) PHL Unit 9381; (iii) PHL Unit 9363; (iv) PHL Unit 9358; (v) PHL Unit 9326; (vi) Model No. 6628 (Type SD-18); (vii) Model No. 6637 (Type SD-18); (viii) HBC Unit 101; (ix) Model No. 6632 (Type SD-18); (x) Model No. 6636 (Type SD-18); (xi) CNW6626 (Type SD-18); (xii) SD-20-2 locomotive (OHCR 2401); (xiii) EMD SW1200, Road Number 9321; (xiv) EMD SW1200, Road Number 9373; (xv) EMD GP16, Road Number 1607; (xvi) EMD GP16, Road Number 1608; (xvii) EMD GP16, Road Number 1609; (xviii) EMD GP16, Road Number 1610; (xix) EMD GP38-2, Road Number 220; (xx) EMD GP38-2, Road Number 221; (xxi) EMD GP38-2, Road Number 223; (xxii) Model No. IC 8716 (GP 11); (xxiii) Model No. IC 8721 (GP 11); and (xxiv) Model No. IC 8745 (GP 11).

An Amended and Restated Master Collateral Assignment of Lease dated as of May 29, 2001, between Rail Logistics Services, Inc., as the debtor, and LaSalle Bank National Association, as the secured party, evidencing the lease of the following locomotives which leases are pledged as collateral to the secured party: (i) PHL Unit 9378 leased to Pacific Harbor Lines, Inc.; (ii) PHL Unit 9381 leased to Pacific Harbor Lines, Inc.; (iii) PHL Unit 9363 leased to Pacific Harbor Lines, Inc.; (iv) PHL Unit 9358 leased to Pacific Harbor Lines, Inc.; (v) PHL Unit 9326 leased to Pacific Harbor Lines, Inc.; (vi) Model GP-10 Road Number NY 201 (formerly known as OHCR 7589) leased to Louisville & Indiana Railroad Company; (vii) Model No. 6628 (Type SD-18) leased to Pacific Harbor Lines, Inc.; (viii) Model 6637 (Type SD-18) leased to Pacific Harbor Lines, Inc.; (ix) Model 6632 (Type SD-18) leased to Pacific Harbor Lines, Inc.; (x) Model No. 6636 (Type SD-18) leased to Pacific Harbor Lines, Inc.; (xi) HBL Unit 101 leased to Pacific Harbor Lines, Inc.; (xii) Model No. CNW6626 (Type SD-18) leased to Pacific Harbor Lines, Inc.; (xiii) Model No. OHCR2401 (Type SD-20-2) leased to Pacific Harbor Lines, Inc.; (xiv) EMD SW1200, Road Numbers 9321 and 9373 (2 units) leased to Louisville & Indiana Railroad Company; (xv) EMD GP16, Road Numbers 1607, 1608, 1609 and 1610 (4 units) leased to Louisville & Indiana Railroad Company; (xvi) EMD GP38-2, Road Numbers 220, 221 and 223 (3 units) leased to Louisville & Indiana Railroad Company; (xvii) Model IC 8716 (Type GP 11) leased to Louisville & Indiana Railroad Company; (xviii) Model IC 8721 (Type GP 11) leased to Louisville & Indiana Railroad Company; and (xix) Model IC 8745 (Type GP 11) leased to Louisville & Indiana Railroad Company.

VEDDERPRICE

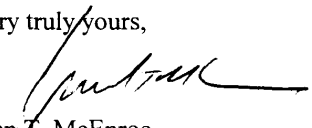
Surface Transportation Board  
Attention: Ms. Taleda Stokes  
June 27, 2001  
Page 3

Enclosed is a check in the amount of \$52.00 payable to the Surface Transportation Board to cover the recording fee prescribed by the Board in its rules and regulations. If this amount is incorrect, please contact me as your earliest convenience and I will send you a check in the correct amount.

Please acknowledge receipt of the enclosed documents by stamping and returning to me the enclosed copy of this letter together with each of (i) the Amended and Restated Security Agreement and (ii) the Amended and Restated Master Collateral Assignment of Leases, each as filed.

If you have any questions with respect to the enclosed documents, please call me collect.

Very truly yours,



John T. McEnroe

JTM/is  
Enclosures

RECEIVED this \_\_\_\_\_ day of June, 2001.

---

5/25/01

**AMENDED AND RESTATED MASTER  
COLLATERAL ASSIGNMENT OF LEASE**

This AMENDED AND RESTATED MASTER COLLATERAL ASSIGNMENT OF LEASE ("*Assignment*" or "*Agreement*") is made as of May 29, 2001, by and among RAIL LOGISTICS SERVICES, INC., a Delaware corporation, ("*Lessor*" or "*Assignor*") LASALLE BANK NATIONAL ASSOCIATION, a national banking association, ("*Bank*" or "*Assignee*") and each of the undersigned companies (each, a "*Lessee*" and collectively, "*Lessees*").

**RECITALS**

A. WHEREAS, Lessor and each Lessee are parties to certain Locomotive Lease Agreements as more specifically identified on Schedule 1 attached hereto and made apart hereof (each, as amended, modified or supplemented, a "*Lease*") with respect to locomotives more particularly described therein, respectively (the "*Leased Locomotives*");

B. WHEREAS, Lessor and Bank are parties to a certain Amended and Restated Security Agreement dated as of May 29, 2001 (as amended, amended and restated, supplemented and modified, the "*Security Agreement*");

C. WHEREAS, pursuant to the Security Agreement, Lessor granted Bank a security interest in and lien on, *inter alia*, the Leased Locomotives and all rights of Lessor under the Leases and agreed to execute and deliver such supplemental security agreements and other documents as Bank may reasonably request to perfect and maintain its security interest and lien;

D. WHEREAS, Lessor and Bank are parties to a certain Sixth Amended and Restated Promissory Note dated as of May 29, 2001 (as amended, amended and restated, supplemented or modified, the "*Note*"), and as a condition precedent to Bank's providing additional financial accommodations to Lessor under the Note, Lessor is required to execute and deliver this Agreement;

E. WHEREAS, Lessor and each Lessee are affiliates by reason of the fact that each is a subsidiary of Anacostia Rail Holdings Company, Inc., and as a condition precedent to Bank's continuing to provide financial accommodations to Lessor pursuant to the Note which benefit Lessees, each Lessee is required to execute and deliver this Agreement which amends and restates that certain Master Collateral Assignment of Lease dated as of June 10, 1999 by and among Lessor, Bank and Lessees;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, it is agreed:

VPCH101/#752827.4 5/25/01

RECORDATION NO. 20174-M FILED

JUL 2 '01 4-04 PM

**SURFACE TRANSPORTATION BOARD**

1. Assignment. To secure the payment and performance of Lessor to Bank under the Note, Lessor hereby sells, assigns, and transfers to Bank any and all of Lessor's right, title, and interest in and to each Lease. Lessor and Bank intend that the assignment hereby contemplated will be a present transfer to Bank of all of Lessor's rights under the Lease. Upon full performance by Lessor of all of its obligations under the Note, this Assignment shall terminate, without the necessity of any further action by any of the parties hereto. The assignment contemplated hereby includes all renewals of and amendments to each Lease and to the Note, until all indebtedness under the Note of Lessor to Bank is paid in full in cash. The foregoing notwithstanding, until an Event of Default has occurred and is continuing and, as a result, Bank has elected to exercise its rights and remedies hereunder, Lessor shall be entitled to exercise all of its rights and shall perform all of its duties under the Lease.

2. Indemnification by Lessor. Lessor and each Lessee shall faithfully perform all covenants, stipulations, agreements, and obligations under the Lease. Lessor shall, and does hereby, indemnify and save Bank harmless from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities and costs and expenses of every nature whatsoever which relate to the Lease or the Leased Locomotives. Notwithstanding the foregoing, if an Event of Default occurs under the Note and Bank forecloses upon or assigns any Lease, Lessor shall not be obligated to indemnify Bank, or any transferee or assignee of Bank, for any claims, demands, actions, causes of action, suits, proceedings, damages, liabilities and costs and expenses relating to such foreclosed or assigned Lease which arise after the date of such foreclosure or assignment.

3. Representations. Lessor represents and warrants that it possesses all right, title and interest in and to each Lease and has the ability and authority to assign its interest in each Lease to Bank. Lessor and each Lessee each represent and warrant to Bank that neither Lessor nor such Lessee is in default under the respective Lease and, to the knowledge of either Lessor or such Lessee, neither Lessor nor such Lessee has claims or defenses one against the other under or relating to the respective Lease or the Leased Locomotives.

4. Modification of Lease. (a) Except as set forth in Paragraphs 4(b) and 4(c) hereof, Lessor agrees that no modification, amendment, extension or other change relating to any Lease may be made to the Lease without prior written consent of Bank, which consent will not be unreasonably delayed, conditioned or withheld.

(b) Lessor may modify any Lease without the consent of Bank *provided that* (i) following such modification, neither the term nor the rental payments under the Lease are decreased and (ii) such modification does not adversely affect this Assignment.

(c) Lessor may terminate any Lease without the consent of Bank *provided that*, contemporaneously with such termination, (i) Lessor leases the locomotive subject to the terminated Lease (the "*Replacement Lease*") to a corporate subsidiary of Anacostia Rail Holdings Company, Inc. ("*ARH*"), (ii) both the term and rental payments under the Replacement Lease are equal to or greater than the remaining term and rental payments under the terminated Lease, (iii) the Replacement Lease is subject to this Assignment, and (iv) such Replacement Lease does not adversely affect this Assignment.

(d) Lessor shall notify Bank of any modification to or replacement or termination of any Lease under Paragraphs 4(b) and 4(c) hereof no less frequently than on a quarterly basis beginning September 30, 2001 and continuing until termination of this Assignment. Contemporaneously or prior thereto, Lessor will execute and deliver to Bank an amendment to Schedule 1 of this Assignment and such other documents as Bank may reasonably request, including, without limitation, financing statements, to reflect each Replacement Lease and any modification or termination of any Lease.

5. Further Documentation. Lessor represents and warrants that it has delivered to Bank a true and correct copy of each Lease as in effect on the date hereof, including any amendments, modifications, extensions or other changes thereto. Lessor agrees to deliver to Bank a true and correct copy of any Replacement Lease and any modification, amendment, extension or other change to any Lease as provided in Paragraph 4(d) hereof. Lessor agrees to execute all instruments and documents, do all things and take all action as Bank may reasonably request to maintain the validity and effectiveness of this Assignment with respect to each Lease and Replacement Lease.

6. Consent of Lessee. In consideration of the foregoing, each Lessee hereby consents to the collateral assignment of its respective Lease by Lessor to Bank. If an Event of Default occurs under the Note, Bank may reassign such Lease, and each Lessee agrees that such Lessee's consent to any such reassignment will not be unreasonably withheld so long as Lessor or Bank has fulfilled all of Lessor's liabilities under the Lease and has complied, or will cause any assignee of Bank to comply, with the provisions of the Lease.

7. Cure by Bank. Each Lessee agrees that it shall give notice to Bank of any defaults by Lessor under the Lease and shall further notify Bank of such Lessee's intent to exercise its remedies under the respective Lease and shall give Lessor or Bank the option for thirty (30) days from said notice to cure any and all defaults prior to exercising any remedies available to such Lessee under its respective Lease.

8. Charges and Expenses. All taxes and other governmental charges and fees, including, without limitation, any and all transfer taxes, stamp taxes, sales taxes, and recording fees, relating to the transaction evidenced by this Agreement shall be paid by Lessor.

9. Binding Effect. This Agreement shall be binding upon the successors and assigns of the parties. The parties shall execute and deliver such further and additional instruments, agreements, and other documents as may be necessary to evidence or carry out the provisions of this Agreement.

10. Notices. All notices or other documents under this Agreement shall be in writing and delivered personally, by express courier service, by telecopier (with receipt confirmed) or mailed by certified mail, postage prepaid, in each case addressed to the parties at their addresses set forth below:

If to Bank:

LaSalle Bank National Association  
135 South LaSalle Street  
Chicago, Illinois 60603  
Attn: Terri Maurer  
Telephone: 312-904-5482  
Telecopier No.: 312-904-2903

with a copy to:

Vedder, Price, Kaufman & Kammholz  
222 North LaSalle Street  
Chicago, Illinois 60601  
Attn: John T. McEnroe  
Telephone: 312-609-7885  
Telecopier: 312- 609-5005

If to Lessor:

Rail Logistics Services, Inc.  
c/o Anacostia & Pacific Company, Inc.  
53 West Jackson Boulevard  
Suite 335  
Chicago, Illinois 60604  
Attn.: Peter Gilbertson  
Telephone: 312-362-1888  
Telecopier: 312-362-1402

with a copy to:

Weiner Brodsky Sidman Kider PC  
1300 19th Street NW  
Fifth Floor  
Washington, DC 20036  
Attn: Mark H. Sidman, Esq.  
Telephone: 202-628-2000  
Telecopier No.: (202) 628-2011

If to Lessee:

c/o Anacostia & Pacific Company, Inc.  
405 Lexington Avenue  
Chrysler Building, 50th Floor  
New York, New York 10174  
Attn: Bruce A. Lieberman  
Telephone No.: (212) 687-9500  
Telecopier No.: (212) 687-9501

with a copy to:

Weiner Brodsky Sidman Kider PC  
1300 19th Street NW  
Fifth Floor  
Washington, DC 20036  
Attn: Mark H. Sidman, Esq.  
Telephone: 202-628-2000  
Telecopier No.: 202-628-2011

11. Non-Waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein or as provided by a written instrument signed by Lessor, Bank and Lessees, as appropriate.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Illinois.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.


**[Signature Page Follows]**



*(Signature Page to Master Collateral Assignment of Lease)*

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first above written.

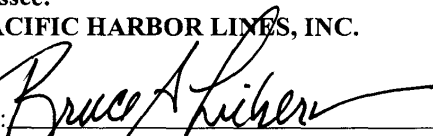
**Assignor:**  
**RAIL LOGISTICS SERVICES, INC.**

By:   
Name: Bruce Lieberman  
Title: Treasurer

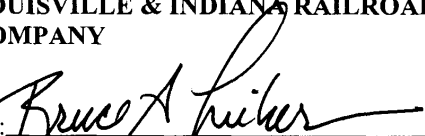
**Assignee:**  
**LASALLE BANK NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Name: Terri Maurer  
Title: First Vice President

**Lessee:**  
**PACIFIC HARBOR LINES, INC.**

By:   
Name: Bruce Lieberman  
Title: Treasurer

**Lessee:**  
**LOUISVILLE & INDIANA RAILROAD  
COMPANY**

By:   
Name: Bruce Lieberman  
Title: Treasurer

*(Signature Page to Master Collateral Assignment of Lease)*

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first above written.

**Assignor:**  
**RAIL LOGISTICS SERVICES, INC.**

By: \_\_\_\_\_  
Name: Bruce Lieberman  
Title: Treasurer

**Assignee:**  
**LASALLE BANK NATIONAL ASSOCIATION**

By: Terri Maurer  
Name: Terri Maurer  
Title: First Vice President

**Lessee:**  
**PACIFIC HARBOR LINES, INC.**

By: \_\_\_\_\_  
Name: Bruce Lieberman  
Title: Treasurer

**Lessee:**  
**LOUISVILLE & INDIANA RAILROAD  
COMPANY**

By: \_\_\_\_\_  
Name: Bruce Lieberman  
Title: Treasurer

**Schedule 1**  
**Identification of Leases**  
**Rail Logistics Services, Inc., as Lessor**

<b>Locomotive Identification</b>	<b>Lessee</b>
PHL Unit 9378	Pacific Harbor Lines, Inc.
PHL Unit 9381	Pacific Harbor Lines, Inc.
PHL Unit 9363	Pacific Harbor Lines, Inc.
PHL Unit 9358	Pacific Harbor Lines, Inc.
PHL Unit 9326	Pacific Harbor Lines, Inc.
Model GP-10 Road Number NY 201 (formerly known as OHCR 7589)	Louisville & Indiana Railroad Company
Model No. 6628 (Type SD-18)	Pacific Harbor Lines, Inc.
Model No. 6637 (Type SD-18)	Pacific Harbor Lines, Inc.
Model No. 6632 (Type SD-18)	Pacific Harbor Lines, Inc.
Model No. 6636 (Type SD-18)	Pacific Harbor Lines, Inc.
HBL Unit 101	Pacific Harbor Lines, Inc.
Model No. CNW6626 (Type SD-18)	Pacific Harbor Lines, Inc.
Model No. OHCR2401 (Type SD-20-2)	Pacific Harbor Lines, Inc.
EMD SW1200, Road Numbers 9321 and 9373 (2 units)	Louisville & Indiana Railroad Company
EMD GP16, Road Numbers 1607, 1608, 1609 and 1610 (4 units)	Louisville & Indiana Railroad Company
EMD GP38-2, Road Numbers 220, 221 and 223 (3 units)	Louisville & Indiana Railroad Company
Model IC 8716 (Type GP 11)	Louisville & Indiana Railroad Company
Model IC 8721 (Type GP 11)	Louisville & Indiana Railroad Company
Model IC 8745 (Type GP 11)	Louisville & Indiana Railroad Company